

SECRET**INTERNATIONAL ORGANIZATIONS PANEL****WEEKLY SUMMARY NO. 4**

For week ending 6 June 1948

Adverse European reaction to proposed ERP cut. The US House of Representatives, in lopping 25 per cent from the initial ERP appropriation, has: (1) caused confusion and dismay throughout the participating countries; (2) raised doubts as to the extent of US interest in European recovery; (3) engendered fears among the European countries that the entire program and their own recovery may be endangered; and (4) provided ammunition for the Communist propaganda machine. Although some foreign commentators have pointed out that House action is not conclusive, most European press and official reaction has been one of shock and bewilderment at the prospect of cuts in a program they thought already approved. The Communist press has seized upon this propaganda windfall, gleefully playing it up as evidence of US untrustworthiness. Once having secured the obedience of the Western European countries, say the Communists, the US need no longer pay them so much.

The Governments of France and Italy are concerned over the effect such a cut would have on their somewhat precarious stability. France, Norway, Greece, Denmark and the UK fear that reduced Marshall Plan aid will be a major setback to their economic recovery. It is evident from the vehemence of the European reaction that even should the House cut be substantially restored, it has caused a widespread loss of confidence in the US. Following upon the House attempt to include Spain in the ERP and the vacillating US stand on Palestine, it has raised lasting doubts as to the dependability of US foreign policy.

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** Interpretation of cease fire resolution. The muzzy ambiguities of the Security Council's four-week cease fire regulations continue to bedevil those concerned with the troubles in the Holy Land. Foremost among the problems of interpretation is the construction to be accorded the Paragraph 3 direction not to "introduce fighting personnel" into the warring states.

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The UK contends this phrase is the exact equivalent of "men of military age" in Paragraph 4. Israeli spokesmen insist that "fighting personnel" means trained soldiers, not merely men of military age free to emigrate to Palestine. The legislative history of Paragraph 3 seems to bear out the Jews, who point to the French amendment which specifically deleted reference to "men of military age." However, while legally sound, the Jewish construction seems inconsistent with the basic purpose of the cease fire: -- to prevent either side from improving its position during the truce period.

The British, having committed themselves to the Arabs in support of strict construction of the immigration provisions, attempted to persuade the US to go along with them and extend "guidance" to the mediator, Swedish Count Bernadotte. In this dilemma, the Count sought enlightenment from the Security Council on what it had meant to say in the resolution. President El Khouri, to the obvious relief of Council members, neatly tossed the problem back into the lap of Bernadotte by ruling that the acceptance of the resolution had been unconditional and the Security Council would not attempt to construe its handiwork until the efforts of the Mediator were challenged. The latter finally accepted an interpretation permitting immigration of Jews of military age provided they were not trained fighting men. He then gained Jewish acceptance of certain safeguards to assure that such immigrants would not receive military training or be recruited into the Israeli Army. Whether the Arabs will accept a proposal thus reinforcing Israel's manpower during the truce period, remains doubtful.

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Military observers for Palestine truce. Bernadotte asked Belgium, France and the US, together with his native Sweden, to supply observers to assist in maintaining the truce. The first three states are members of the SC Truce Commission, originally selected from those Council members (excluding the UK and Syria) maintaining consular representation in Jerusalem. The decision represented a compromise between the Soviet desire for observer teams drawn from the larger powers and the UK proposal to employ small nation teams. On 7 June Soviet delegate Gromyko raised the anticipated question of Soviet participation in a Holy Land settlement by informing the Council the USSR was also prepared to send observers to help Bernadotte. He asked

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on what basis the Mediator had selected the states called on to send personnel. President El Khouri was forced to entertain the question and a motion to broaden the representation of governments supplying observers will probably come before the Council. It is extremely doubtful that any such request can muster the necessary seven affirmative votes for passage.

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Between the Devil and the alphabet. Syrian SC representative Faris El Khouri has incurred severe criticism for failing to rebounce the post of President of the Council which fell to him in June. Admittedly the pending Palestine issue puts El Khouri in a difficult position. Under SC Rule 20, he could step down in favor of the representative of the state next in the alphabetical order of rotation, in this case, the Ukrainian, Tarasenko. For this understandable reason, El Khouri, a man of high rectitude, has refused to budge.

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UNESCO considers Palestine problems. Proposals for the solution of cultural and educational problems inherent in the Arab-Jewish strife in Palestine are expected to confront the July meeting of the Executive Board of UNESCO. The Board may decide to invite observers from non-member Near Eastern states such as Israel and Transjordan, to attend the Third General UNESCO Conference in Beirut in October. Recent efforts to form a Middle Eastern UNESCO regional unit have been blocked by Iraq because of bitterness over the UN record on Palestine. Should other Arab states display similar hostility, UNESCO will probably run into immediate obstacles in any attempt to play the role of conciliator in this area.

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Soviets revise UN armed forces estimates. A softening of the hitherto negative USSR attitude toward formation of a UN security force is evident in the Soviet presentation to the Security Council's five-power Military Staff Committee (MSC) of a revised estimate of the overall composition of UN armed forces which more closely corresponds to those of the other powers.

Land forces -- by agreeing to 15 divisions, the USSR fell

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in line with a previous four-power decision (US, UK, France and China) reached last February. Aircraft -- the USSR revised downward its estimate of miscellaneous aircraft, thus accepting a four-power agreement on 250 planes; raised its fighter estimate from 300 to 400 (the US had estimated a need for 1500 fighters while China and the UK were in agreement on 400, a figure France had agreed to accept although preferring 300); and revised its strategic-tactical bomber figures (the four powers had agreed in November 1947 on a 60-40 per cent relationship of the two types). Naval forces -- the USSR agreed to raise its estimate of vessels other than aircraft carriers and battleships in order to reach agreement with the other four powers, providing the latter dropped their demand for carriers and battleships in which categories the USSR has little to contribute.

In the two and a half years since the MSC began its talks the divergent views on forces needed were gradually harmonized, with the exception of the Soviet estimates. The USSR's revision of its figures now may permit some agreement to be worked out.

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ERP countries slow to use European coal. Third quarter allocations by the UN Economic Commission for Europe Coal Committee reveal that European importing countries, while still drawing heavily upon US coal, are not fully availing themselves of European sources. France and Italy, for example, although importing much US coal, refused allocations from Poland. If 700,000 tons offered by the UK and Poland are not taken by Western Germany, the "untaken" European third quarter resources will total 28 per cent of the demand on the US. The main stumbling block is the price and payment, since exporters like Poland want dollars for their coal while the importers have none to spare.

Most of this "surplus" could be absorbed if the producers set attractive prices and the importers were given financial aid to enable them to pay. US experts on the ECE believe that full use of this surplus is likely only upon US initiative. They suggest that the US provide dollars, where necessary, to enable consuming countries to buy. Such purchases would be made only if the delivered cost of the European coal were less than that of comparable US coal. Unless some such solution is found, maximum use of European coal is unlikely and inflated and uneconomic demands on the US will continue.

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ERP countries dislike form of bilateral agreements. ERP participating nations object to the US-proposed draft bilateral agreements covering conditions of ERP aid as: (1) being too didactic and legalistic in tone to be acceptable to their parliaments; (2) including matters not in the ERP legislation; (3) deviating from the language of this legislation. The European countries apparently fear that the language of the US draft would commit them to undertake certain measures, such as currency devaluation, which they may be unable or unwilling to carry out. Consequently they are chary of any such restrictions on their sovereignty.

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Socialists continue Communist purge. Last week's International Socialist Conference in Vienna continued its policy of eliminating member parties allied to the Communists, by putting the left-wing Nenni Socialists of Italy "on warning". A committee was appointed to watch developments in the Italian Socialist arena, with the hope that unity soon would be restored.

Meanwhile, in Warsaw, the Eastern European Socialist Parties, expelled by the International Conference in London, approved their merger with the Communists and immediately adhered to the party line by condemning the Marshall Plan.

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